

MINUTES

MONTANA SENATE 57th LEGISLATURE - REGULAR SESSION COMMITTEE ON TAXATION

Call to Order: By **CHAIRMAN BOB DEPRATU**, on March 21, 2001 at 8:00 A.M., in Room 405 Capitol.

ROLL CALL

Members Present:

Sen. Bob DePratu, Chairman (R)
Sen. Alvin Ellis Jr., Vice Chairman (R)
Sen. John C. Bohlinger (R)
Sen. Pete Ekegren (R)
Sen. Jon Ellingson (D)
Sen. Bill Glaser (R)
Sen. Emily Stonington (D)

Members Excused: Sen. Mack Cole (R)
Sen. Dan Harrington (D)

Members Absent: None.

Staff Present: Lee Heiman, Legislative Branch
Deb Thompson, Committee Secretary

Please Note: These are summary minutes. Testimony and discussion are paraphrased and condensed.

Committee Business Summary:

Hearing(s) & Date(s) Posted: House Bill 609, 3/15/2001
Executive Action: House Bill 609 Pass 8-1

HEARING ON HOUSE BILL 609

Sponsor: REPRESENTATIVE BOB STORY, HD 24, Park City

Proponents: John Blomquist, Montana Stockgrower's Association

Opponents: None

Opening Statement by Sponsor: REP. STORY presented the bill. He said the bill changed the statutory requirements of what the Ag Land Advisory Council has to use in the process they go through

to make recommendations for the valuation of ag land. Ag land is valued on a cyclical appraisal. Every time ag land comes up for reappraisal the advisory committee meets and makes adjustments to the formulas that are used to value the productive value of ag lands. When they started using the capitalized income method of valuing ag land several years ago, most of the parameters were put into statute, including the capitalization rate and the source of the information that the committee has to use when they make their determinations. They will use this information that is required by statute unless they come up with a different recommendation and the department adopts that by rule. The example on page one, line 27, the statute capitalization rate is 6.4%. That is the number that the original committee put in to make the rate come out at 3.84. He noted that every time they value grazing land it seems to go up. That is because the only source of information that they can use in valuing grazing land is what the state statistician collects on a survey. This is a fairly narrow survey that tends to reflect the spot value of markets rather than overall values. This will broaden the number of sources that the advisory council can use when they make their recommendations to the Department of Revenue.

Proponents' Testimony: John Blomquist, representing the Montana Stockgrower's Association, spoke in favor of the bill. He agreed the committee did not have the information they needed when considering values of grazing land. This would represent an effort to give this advisory committee a little more flexibility in the information that it considers. {Tape : 1; Side : A; Approx. Time Counter : 0 - 4.7}

Questions from Committee Members and Responses: None

Closing by Sponsor: REP. STORY closed. He mentioned on page 2 regarding costs of irrigated land, it would take the \$35 dollar cap off the costs. Part of that is related to energy costs. Irrigated land cannot be valued below the same land that is non-irrigated when you capitalize the costs.

EXECUTIVE ACTION ON HOUSE BILL 609

SENATOR STONINGTON MOVED DO CONCUR. The question was called. The motion **PASSED** 8-0, with **SEN. HARRINGTON** not being present.

ADJOURNMENT

Adjournment: 8:14 A.M.

SEN. BOB DEPRATU, Chairman

DEB THOMPSON, Secretary

BD/DT

EXHIBIT (tas64aad)